

1. The Parties agree to stipulate into the record before the Commission the pre-filed direct testimony and exhibits of ORS witnesses Michael L. Seaman-Huynh and Robert A. Lawyer, without objection or cross-examination by the Parties. The Parties also agree to stipulate into the record before the Commission the redacted and unredacted pre-filed direct testimony and exhibits of Duke Energy Carolinas witness Ronald A. Jones, and the pre-filed direct testimony and exhibits of Vincent E. Stroud, John J. Roebel, David C. Culp as adopted by Thomas C. Geer, and Jane L. McManeus, without objection or cross-examination by the Parties. The Parties agree that no other evidence will be offered in the proceeding by the Parties other than the stipulated testimony and exhibits, the supplemental testimony and revised direct testimony exhibits (also referred to as Revised McManeus Exhibits 5, 6, 7 and 9) of Duke Energy Carolinas witness Jane L. McManeus supporting the Parties' settlement, and this Settlement Agreement. The Parties agree to present all witnesses at the scheduled hearing in this matter.

2. ORS's review of Duke Energy Carolinas' operation of its generating facilities resulted in ORS concluding that Duke Energy Carolinas has made reasonable efforts to maximize unit availability and minimize fuel costs. Additionally, ORS has determined that Duke Energy Carolinas took appropriate corrective action with respect to any outages that occurred during the review period.

3. As a compromise to positions advanced by Duke Energy Carolinas, ORS, and SCEUC, all Parties agree to the proposal set out immediately below, and this proposal is hereby adopted, accepted, and acknowledged as the agreement of the Parties. The Parties agree that:

recovery, as of actual May 2009, totals \$214. The difference between Duke Energy Carolinas' and ORS's cumulative over-recovery, as of September 2009, totals \$1,179.

The Parties agree to accept all accounting adjustments as put forth in ORS witness Lawyer's pre-filed direct testimony related to the over-recovery on fuel and environmental costs.

5. The Parties agree that the fuel factors contained in the supplemental testimony and revised exhibits of Duke Energy Carolinas' witness Jane L. McManeus represent the appropriate fuel costs, environmental costs, and combined projected fuel factors for Duke Energy Carolinas to charge for the period beginning with the first billing cycle in October 2009 through the last billing cycle of September 2010 by customer class as set forth in the table below:

Class of Service	SC Base Fuel Factor from McManeus Revised Exhibit 6 (¢/kWh)	SC Environmental Factor from McManeus Exhibits 7 (Revised) and 8 (¢/kWh)	SC Combined Projected Fuel Factor From McManeus Revised Exhibit 9 (¢/kWh)
Residential	1.9606	0.0047	1.9653
General/Lighting	1.9606	0.0058	1.9664
Industrial	1.9606	0.0038	1.9644

6. The Parties agree that the fuel factors as set forth in Paragraph 5 above are consistent with S.C. Code Ann. §58-27-865.

7. The Parties agree that in an effort to keep the Parties and Duke Energy Carolinas' customers informed of the over/under recovery balances related to fuel costs and of Duke Energy Carolinas' commercially reasonable efforts to forecast the expected fuel factor to be set at its next annual fuel proceeding, Duke Energy Carolinas will provide to SCEUC, ORS, and where applicable, its customers the following information: